ALG Minutes November 4, 2021, 7:30 AM. Room 204, Acton Town Hall

Present: Bart Wendell, facilitator; Dean Charter and David Martin, SB; John Petersen and Kyra Cook, SC; Christine Russell and Adam Nolde, FC; John Mangiaratti, Brian McMullin and Marie Altieri, Staff. Absent: Peter Light, Steve Barrett. Audience: Dave Verdolino, finance director, ABRSD, Charlie Kadlec.

Extra Info/documents: Agenda, September 23 draft minutes, Town of Acton Multi-year financial model, revenues and tax levy sheet.

II. Regular Business

1. Minutes were accepted with J. Petersen's corrections

III. Special Business

2. FY 22 Update
   Brian: we are in the process of collecting data; tax bills went out and payments are coming in; residents do pay their tax bills on time; meals tax is $99K for the first quarter which is above what we expected; the state aid is trending to what we expected; there is a bit of volatility in the local fees which we are closely monitoring; there is a deterioration in the investments account which is down by 5%. For motor vehicle excise tax, we will get the information at the end of March. The first bill will go out mid-winter; our estimate is $3.4m; the first cut will come in at $2.8-9m. But the bills will not be due until March.

   David: why are the investments lower---is it just because of the lower interest rates?

   Brian: Yes. The Feds have said they are not going to increase the rate. We are meeting with an independent investment counsel to see what options we have to increase the return.

   Marie: When we last met, we had the first quarter updates: up from the budget; $185K increase in transportation aid, the percentage of the reimbursements in the 90% range. It's too early in the process to do the expenses.
   E&D is about $3.2m or 3.2% below the school committee range by a little. We are having a hard time in hiring we need bus drivers, cafeteria staff—we have principals serving food. We also have supply chain problems with food and paper products.
   We are holding vaccine clinics at the schools for kids 5-12; kids 12 and up are at 90%; the Covid numbers are very low.
   John M: I will be presenting the Capital Budget on the 15th and the budget the first week in December.

3. **Budget update**

John: even though Town Meeting is 4-5 weeks later we are preparing the budget on the old schedule. We have $85m in capital needs which we are squeezing into 10 years of borrowing. There will be a public review of the needs. The annual operating budget will cover everything else to run the town. We will hold joint SB/FC meetings for both of these presentations.
Marie: we are starting the process of having the principals with their needs come in during the month of November. We'll present the budget on Feb.17th.
Chris: I'm happy with the move of Town Meeting and keeping to the old budget schedule---it gives us more time to understand the numbers.
Bart: so, the Saturday all-day financial presentations are being cast aside.
John: Budget night will be Jan 20 we'll probably start at 5:30 and do it in person.

4. **Financial model**

Steve: FY 21 is gone; FY 26 has been added.
The change tab has been cleaned up; we start with the $922K deficit; we removed all the debt exclusions; moved into school assessment; town operating ---I think it works well.
FY 22
There has been a dynamic change in the real estate market. The rise in SFH is far greater than their assessed values. By state law, we need to recapture the difference. The preliminary numbers had a 3% up tick; it's now 7%.
There has not been a similar rise in the C.P.I; this will cause a greater shift in the tax to residential. We expect this trend to continue into the next fiscal year. We will continue to monitor this situation.
We still have untaxed levy capacity; plan is still using $1m in reserve; total increase is under 3%; schools is 3.25%; Minuteman figures not available as yet.
FY 24
JM: we now have a forecast of four years rather than five; municipal budget is actually decreasing due to the reduction in the debt.
Marie: exp3nse numbers are all preliminary. We've used low budgets but recognize that there will be an increase in health insurance which has become an important driver.
J.P: HIT has drawn down reserves that now need to be replaced; suggested rates are a 10% increase; this needs to be plugged into the ALG plan---it's not going to be a normal year and this will put a strain on the budgets.
Bart: are there questions?
JP: hat's the timing of the two-year look at the EQV---will it become more granular when we get new numbers?
Brian: we'll find out the numbers from the DOR---there is a lot of documents that need to be analyzed. We have to see what levels of the sales in town will qualify. The DOR

requires a full and fair assessment between 90-110% of sale prices. We are in a process working with the DOR. We will go public at the classification hearing—things should come together within the next 30 days. The residence is the gigger portion of the tax levy; we have t see if there is going to be a repeat in the assessments for next year---it's a dynamic process.

The CIP is driven by investment and is far more complex---so far, we don't have good data in this area. Transactions in the commercial sector have been limited; it's not a growth area. We need to target economic development—we need to help the owners of buildings fill them.

J.P. it's a timing process; main activity is in December; the state has certified the first quarter and sometime we have to accept the values.

Brian: we need the state certification for the classification hearing; we have the options of shifting the rates but then we have to run the tax files. The key is the final bill in December which will determine the final tax bill. The preliminary bill will be netted out and divided by two; there will be an opportunity for challenges.

J.P. SFT is 7%?

J.M. The CPI is about 11% and is going down to 10%

Brian: I don't know the numbers right now to be helpful; personal property changes are in electric poles, transmission lines and gas lines; this is new revenue to towns and we need to hire an appraiser; the values are between $12-$24m.

J.P.: is a leaking gas line an impaired asset?

Brian: For FY 22 we are using 2020 data and we are now seeing a dramatic increase.

Adam: you mentioned a 5% parity in class

Brian: the guidelines come from the DOR—it's 9—1`10% of market value; SFH is the biggest classification and has the greatest number of sales.

J.M.: the state study of Great Road businesses shows a lack of investment; we have to find a way to reinvest in these properties. Great Road recovery has to be encouraged so we can hope for a 10% increase in growth. We have hired a new EDC person who will work on this problem. The Ration used to be 15% (of the overall levy) and now it's 11%.

Christine: I see that hiring has been more difficult and has increased the cost of moving materials in the schools and is having an obvious impact—what can we expect?

Marie: It's mostly in the food service area which is self-funded; the Feds age money for free universal breakfast and lunch which increased sales; transportation is highly reimbursed but the salaries have increase by about 5%; purchasing price increases have been absorbed by revolving accounts; another area is school supplies; the building is OK; there is no dramatic impact there.

J.P.: pass through for the Minuteman assessments is based on the number of students; it appears that there is a change in the rate per student. I'm interested in what's driving the per student change.

Marie: we have 25 kids a year which is an increase; we are members of the district and so it has an impact; the cost per MM student has increased 20%.

5. **CARES**

JM.: we used $2m in CARES and are doing the final accounting now; we were able to squeak in extra money for the food program; we filled IT requests; we bought 140 new laptops since the pandemic generated the need.

ARPA funds of $7m ---the Board allocated $5m for 15-20 specific projects; we are keeping $2m in reserve for support of other needs. We have tree years to spend the money.

We have put an ARPA line in UNIS to cover the budget needs. It has an intense application process with lots of paperwork!

In the State there is a $3.5b from the Feds which us now in the House W&M—this is extra money that is project-based. It's for housing, transportation and the environment. We will go after these funds this winter.

Bart: any comments?

Chris: the SB voted a possible sewer extension to the housing complex on Main Street—if we don't get the grants will we, do it?

JM: we have a $200K grant for Tavernier place to start sewer and water; $160K to see if it's feasible to sewer the Main Street housing. The estimated costs are $1.5m; we are in a feasibility stage to see where there is ledge and if what can be done and what design changes will need to be made. The Fed money is to back business but also has major goals for housing and waste water.

The DOT is now looking at the interchange of Rt. 2 and 27. It is already in the TIP. There may be a chance to hang a sewer pipe on a new bridge rather than drill under the road and through ledge.

David: If it's somewhat more expensive than the AHA funding from the town. In the end id the cost of the sewer is unpalatable ---we could try to leverage outside funds.

JM: we could have a manhole across from the PSB.

Adam: If we do that, we should extend the sewer up the street.

J.P.: sewer lines are expensive but not complicated. We should do a design up to Town Hall.

6. Public Comment

Charlie: Public comment was the first agenda item. I have heard speculation on overrides. It would be useful for the ALG to state that there is no override for FY 22 You have a 10-year capital plan; how are you going to pay for that without overrides: the public needs to know.

I'd like to see the FY 21 actuals in the budget.

Brian: the budget does have the actuals

Next Meeting: December 16, 7:30AM Room 204, Town Hall Agenda items: Capital pan; proposed budgets; valuations

Adjourned 8:37

Ann Chang